Nova Scotia Energy and Review Board

IN THE MATTER OF

The Public Utilities Act, R.S.N.S 1989, c. 380, as amended
and
The Maritime Link Act, S.N.S 2012 c.9
and the
Maritime Link Cost Recovery Process Regulations, N.S. Reg. 189/2012

NSP Maritime Link Inc.
2025 Cost Containment Report

March 31, 2026

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1.0 EXECUTIVE SUMMARY

As outlined within this report, NSP Maritime Link Inc. (NSPML) continues to review and implement cost containment opportunities in all aspects of its business to ensure value and benefits are maximized for customers and Good Utility Practice is followed. This practice is particularly reflected in how NSPML manages its people resources and contractors, its finance process, and its procurement process. Furthermore, in seeking cost efficiencies, NSPML also recognizes that the predominant value to Nova Scotians of the Maritime Link comes from its availability to transport energy and the need to maintain the proper balance of achieving the lowest possible but reasonable operating costs with the value of the energy the asset transports.

NSPML files regular Assessment applications to the Nova Scotia Energy Board (Board or NSEB) for approval and recovery of its revenue requirement. Through the Assessment application process, the Board reviews forecasted revenue requirements, including the drivers of those costs and related efficiencies. NSPML agrees that cost containment initiatives should continue to be transparently reported to the Board and respectfully proposes that cost containment measures be reported within the assessment applications on a go-forward basis, as opposed to within this separate report. NSPML submits that this approach would continue to maintain regulatory oversight, while reducing the regulatory reporting process and creating further potential efficiencies.

In 2025, cost containment strategies led to O&M savings of approximately $844,000 versus 2024. Details of these savings are discussed in section 5.0 of this Report.

2.0 BACKGROUND

In its 2021 Interim Assessment Decision (M09810), the Board directed NSPML to track its O&M cost containment and reduction initiatives and report on these measures in its annual financial reporting to the Board.

NSPML continues to operate and maintain the Maritime Link asset base with a management philosophy that incorporates a focus on safety and environment, continual improvement and achieving long-term reliable performance for customers over NSPML's operating term for the assets. This is combined with execution of a work plan that delivers the required asset integrity, availability and reliability metrics in accordance with NSPML's commercial and regulatory obligations in the context of Good Utility Practice, including cost management.

The operating and management philosophy and the principles that are relevant to cost containment are a continued evolution of the industry best practices deployed by NSPML during the Maritime Link's construction, a key success factor in the Maritime Link Project being constructed on time and on budget.

NSPML's assets are long-lived assets, many with advanced technologies, with an expectation of requiring routine inspections, preventative maintenance and periodic capital investments as assets age or deteriorate. As outlined in section 35 of the Public Utilities Act, NSPML will apply to the Nova Scotia Energy Board (NSEB) for approval of capital expenditures greater than $1 million. OM&G costs are detailed in NSPML's Assessment Application with opportunities for the NSEB and Intervenors to review the costs during that process.

3.0 OPERATING TEAM

NSPML continues to employ full-time staff to operate the day-to-day business and employs co-op students, term employees, and contractors periodically for short term changes in resource requirements if needed.

NSPML optimizes the balance of internal expertise with contracting third parties where specific technical skills are not practical to directly hire by the organization.

4.0 FINANCE PROCESS

NSPML's Finance Team provides reporting to NSPML's management and operations team to closely monitor work scopes as they progress, tracking billings against budgets and forecasts and engaging other team members when necessary to address potential concerns. These practices keep NSPML accountable for what it spends and fosters a culture where the team is regularly challenged to find opportunities for cost control.

5.0 CONTRACT WORK SCOPES

As noted in prior Cost Containment Reports, NSPML's procurement process continues to play a key role in managing OM&G levels as follows:

- At the outset of its larger procurements (typically work scopes greater than $25,000), NSPML develops a Contracting Strategy that aims to clearly identify the work scope, budget, and the risks in relation to safety, environment, schedule, and cost such that potential for unexpected cost or scope variances are minimized and ensure that the value achieved for the cost is quantified.

- Through its request for proposal processes (RFP), NSPML typically seeks multiple proposals for significant work scopes, with local content where appropriate.

- NSPML completes a formal review of all new agreements, scope of work documents, and other contract provisions to ensure that the rights, obligations, and risks associated with the work are clearly identified and appropriately allocated between the parties. This practice ensures that NSPML has the necessary means to mitigate potential cost escalation and respond to unforeseen circumstances or events in a prescribed manner where possible.

- In completing its Contracting Strategies, NSPML accounts for lessons learned from similar work scopes completed in prior years, aiming to reduce the costs associated with uncertainties and risk premiums where possible by better defining scope or expectations.

- Contracting Strategies are approved by the appropriate team leads with sufficient experience (and/or support from external expertise) to govern the scope. The approval entails ensuring visibility of the work across the company and compliance with

company policies and standards, operating budgets and financial metrics, and legal requirements.

To ensure the efficient execution of field work and representation of our business, NSPML designates a site representative to monitor progress, identify emerging risks, give timely direction, and sign-off on work once completed. This approach also ensures that thoughtful solutions to unforeseen challenges are identified and implemented with minimal impact to cost and schedule, while ensuring that safety of employees, contractors and the general public is not compromised.

While NSPML's procurement practices complement and support ongoing cost containment focus, NSPML is additionally focused on optimizing the work plan and realizing efficiencies. In conjunction with the budgeting and forecasting cycle, NSPML regularly considers opportunities for adjustments which may result in cost reductions.

For further detail on specific examples of savings achieved through cost containment initiatives, please see sections 5.1 to 5.3 below.

5.1 Transmission Inspections

As outlined in NSPML's 2025 Cost Containment Report, NSPML used drones for inspection of the transmission lines for the first time in 2024, replacing physical inspections of transmission lines by individuals. The use of drones resulted in risk reduction and efficiencies versus traditional more resource-intensive physical inspection by internal and external resources. As experience continues to be gained, the use of drones for transmission inspection is anticipated to continue to provide operational efficiency, improved inspection quality and reduced physical safety exposure with decreased resource time spent inspecting the lines.

The 100% transmission line inspection in 2024 meant that drone transmission inspections were not required in 2025 (although NPSML did incur $500,000 related to transmission costs to address findings from the 2024 drone transmission inspection). Year over year costs decreased by $800,000; however, maintenance and inspection costs for transmission lines are expected to fluctuate as a function of inspection activities, required maintenance and other factors.

Although this expense may increase again in 2026 relative to 2025 based on the scope of inspections and associated maintenance work, NSPML anticipates that the use of drones will provide ongoing long-term savings for customers as compared to the previous approach. Additionally, the high-quality imagery from the drone inspections more easily identifies potential weaknesses in the system and as a result this approach is expected to have a positive impact on asset reliability into the long term.

5.2 Consultants

NSPML uses various expert consultants to support its Operations team.

In 2025, NSPML negotiated a discount from standard hourly rates for some consultants resulting in savings of approximately $44,000.

5.3 Summary of Savings

The cost savings or avoided costs in 2025 are summarized in Table 1 below.

As illustrated in the detail above and table below, while ensuring that the Maritime Link assets are operated and maintained to maximize availability and thereby provide value to customers, NSPML continuously focuses on cost efficiencies and reduction whenever possible.

Table 1

Initiative	Start Date	End Date	Budgeted Initiative	Cost Savings/Avoidance for 2025
Transmission Line Inspections	January 2025	December 2025	Yes	$800,000
Consultants	January 2025	December 2025	Yes	$44,000
TOTAL				$844,000